




**November 14, 2024**

**To:** Transit Committee

**From:** Darrell E. Johnson, Chief Executive Officer  For

**Subject:** Agreement for Payment Processing Services to Support the OC Bus Fare Collection Systems

### **Overview**

The Orange County Transportation Authority is in the process of implementing a modern fare collection system for OC Bus service through the Rider Validation System. To ensure seamless operation and an enhanced payment experience, the Orange County Transportation Authority is seeking to secure payment processing services that will support the Rider Validation System across multiple sales channels, including ticket office terminals, mobile sales devices, mobile applications, and institutional website portals.

### **Recommendations**

- A. Approve the selection of Elavon Inc., as the firm to provide payment processing services for the fare collection system for the Orange County Transportation Authority's fixed-route bus system.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42563 between the Orange County Transportation Authority and Elavon, Inc., in the amount of \$617,728, for a two-and-a-half-year initial term with two, two-year option-terms to provide payment processing services for the fare collection system for the Orange County Transportation Authority's fixed-route bus system.

### **Discussion**

On October 23, 2023, the Board of Directors (Board) approved the selection of INIT Innovations in Transportation, Inc. to develop and implement a Rider Validation System (RVS) for the Orange County Transportation Authority's (OCTA) fixed-route bus system. The RVS is a key element in OCTA's ongoing efforts to modernize its OC Bus fare collection system. The new payment processing services will be essential in supporting payments across points of sale for OCTA's

transit services, including buses, mobile applications, and online sales channels, as the agency transitions away from the magnetic fare media legacy system.

Key Objectives of the Payment Processing Services:

1. **Provide support for the OC Bus Fare Collection System:** Ensure payment processing services fully align with the RVS, enabling modern fare payment options such as mobile ticketing and smart (stored value) cards.
2. **Seamless Integration:** The services will integrate smoothly with OCTA's existing fare collection infrastructure, ensuring a streamlined payment experience.
3. **Scalability and Flexibility:** The system will be scalable, accommodating future growth and new fare products as OCTA continues to evolve its transit services.
4. **Enhanced Security:** Advanced security measures will be implemented to safeguard customer data and prevent fraud, adhering to payment card industry compliance standards.
5. **Improved User Experience:** The payment interface will be user-friendly, enhancing the overall experience for OCTA passengers.
6. **Efficient Revenue Management:** The new solution will optimize revenue collection and management, supporting OCTA's operational objectives.

### ***Procurement Approach***

The Board-approved procurement policies and procedures allow for two options to procure these services. OCTA can issue a competitive request for proposals (RFP), or piggyback to purchase goods, information technology, rolling stock, or nonprofessional services from the State of California, the federal government, or other appropriate California public agencies, when it is in the best interest of OCTA to do so.

Using the first option, OCTA would issue an RFP which would contain detailed payment processing services specifications. The advantage of this procurement method would be that OCTA could specify exactly the type of payment processing services desired. The disadvantage to this procurement option would be the inability to obtain better pricing through the piggyback option from the State of California.

The second method to consider is an intergovernmental procurement or “piggybacking” and is supported by OCTA policy and procedures as it is in the best interest of OCTA to do so for agency procurements of property or services in order to obtain better pricing through larger purchases. OCTA entered into a Joint Powers Agreement with the State of California in order to piggyback electronic payment acceptance services at established prices negotiated by the State of California and Elavon, Inc.

Staff determined that the piggyback procurement method would be the most advantageous to OCTA. By purchasing electronic payment acceptance services under the State of California’s Master Service Agreement No. 5-22-70-22-01, which contains similar specifications to OCTA’s requirements for payment processing services, OCTA would benefit from pre-negotiated competitive pricing and terms, enabling OCTA to secure services without conducting a separate procurement resulting in a shortened procurement time and administrative cost savings.

#### Fiscal Impact

This project was approved in OCTA’s Fiscal Year 2024-25 Budget, Finance and Administration Division, Account No. 1261-7520-A5104-DU9.

#### ***Summary***

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42563 between the Orange County Transportation Authority and Elavon, Inc., in the amount of \$617,728, for a two-and-a-half-year initial term with two, two-year option terms to provide payment processing services for the fare collection system’s fixed-route bus system.

***Attachment***

None.

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